

EXPORTING FRENCH FRIES TO THE PACIFIC RIM

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Last March, we heard rumors of \$2 million coming our way for export development, but being realists we didn't get too excited until we got the call from the Foreign Agricultural Service. The 1986 Farm Security Act contained a provision for Targeted Export Assistance Funds or T.E.A. funds. These funds were to be used specifically for developing markets for U.S. agricultural products and are available for five years. The potato industry was eligible for funds because of the trade barriers U.S. frozen potato products face in South Korea.

As in any windfall, there were some catches. First, the funds had to be spent before October 1 in the five countries where we were already conducting promotions -- Japan, Singapore, Hong Kong, Malaysia and Taiwan. Second, the funds were to be used for promoting U.S. frozen potatoes only. The money had to be spent by October 1 and we had to come up with 30-40% matching funds -- either our own or industry's.

Now let's take a look at how we spent our TEA funds this past year. The bulk of the TEA funds were spent in Japan, the largest foreign market for U.S. frozen potatoes. U.S. Department of Commerce figures show that 51,927 metric tons of frozen potatoes were exported to Japan in 1985 and 1986 figures show an increase of about 28%, about twice the growth experienced in any previous year. Of course the strengthening of the Yen also helped.

Approximately \$1.5 million was used for consumer television and print advertising. Our goal was to tell consumers that the fried potatoes they enjoy at their favorite restaurant or fast-food outlet were from the USA.

To kick off the campaign the Board purchased every ad in the August 16 edition of the Yomiuri Shimbun Newspaper, the largest daily newspaper in Japan. U.S. frozen potatoes were featured on every page. We sold some space to industry members but all had to promote U.S. potatoes with us. This buyout was the first of its kind in Japan and attracted much media attention there as well as at home. Japanese newspapers, TV and radio stations were replete with stories of the U.S. potato blitz in Japan.

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For the next 6 weeks, the TV commercials were aired throughout the most populated areas of Japan. These commercials focused on identifying fried potatoes as "America-san" -- the quality frozen potato grown from a unique American potato, the Russet Burbank.

Trade advertising was directed at the foodservice and retail industries. These ads featured an interview with an official at "Denny's" in which he explains why they use only U.S. frozen potatoes.

Cooperative promotions with fast-food outlets reached consumers with a minimum amount of expense. We developed counter stands and buttons with the "Potatoes U.S.A." logo for their outlets.

Two processors conducted supermarket promotions in Japan this summer. The Board contributed funds to each processor for use in developing P.O.P. materials for these promotions. A 70% increase in sales in one chain was attributed to the promos.

Our U.S. potato information office in Tokyo ran several editorials in leading consumer magazines. These editorials introduced frozen potatoes as a new snack and gave cooking and serving suggestions.

The highlight of the promotion program in Hong Kong and Singapore was our joint promotions with McDonald's. Special tray liners, counter cards and menu boards were developed for their "Value Pack" meals in which fries were prominently featured. Throughout their materials the "Potatoes U.S.A." logo was used to identify their quality fries. The promotion in Hong Kong was so successful that McDonald's reported a 360% increase in frozen fry sales during the promotion and expects up to a 90% residual increase afterwards.

Menu promotions were conducted very successfully at hotels and restaurants which helped increase sales of U.S. potatoes and potato products in Singapore, Hong Kong and Malaysia.

Supermarket promotions were also held in food stores in Hong Kong, Singapore and Malaysia. These promotions gave consumers the opportunity to sample U.S. frozen potatoes thus encouraging retail buying and in-home use. In Malaysia, it is particularly important to identify the source of frozen potatoes since fries are not displayed in packages but are offered to consumers in bulk. Through our promotions Malaysian consumers learn that they are purchasing U.S. frozen fries.

With the TEA funds we were able to start working with fast-food outlets in Malaysia. Kentucky Fried Chicken and A & W were the pioneer chains in the Malaysia market. With the help of Oregon and Washington Potato Commissions, the Board has set up joint promotions which are now taking place with food chains. Again, the "Potatoes U.S.A." logo is being used extensively in their advertising and P.O.S. materials.

Our Taiwan promotion program started in May with our participation in the U.S. Exhibition sponsored by the American Institute in Taiwan. And later in the summer, we helped sponsor in-store demonstrations of U. S. frozen potatoes in 12 supermarkets that are supplied by Keeper Trading Company, a major buyer of U.S. frozen potatoes.

For 1987, we have asked for \$2.4 million to promote frozen potatoes in Japan, Singapore, Malaysia, Hong Kong, Taiwan and also Indonesia. Our plan will basically be the same except with the extra funds we hope to conduct more joint promotions with the major fast-food chains in the Pacific Rim and round out the programs in the small, but sophisticated markets like Hong Kong and Singapore.

Throughout all the promotions our intent is to identify the source of the quality french fries available at the fast-food outlets. The reason these U.S. fries are superior is the uniqueness of the Russet Burbank potato and the quality of our processors. The goal is to increase the demand for our frozen potato products both at the food service and the retail levels and thus create a major market for U.S. potatoes.